

Message Text

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PAGE 01 EC BRU 04128 201327Z

44

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 NEA-10 AGR-20 CEA-02 CIAE-00

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LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

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AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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PASS AGRICULTURE

EO 11652 NA

TAGS: SP, EEC, ETRD

SUB: EC MEDITERRANEAN POLICY: EC-SPANISH NEGOTIATIONS

REF: EC BRUSSELS 510 AND MADRID 3814

1. SUMMARY: NEGOTIATIONS ON A NEW AGREEMENT

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PAGE 02 EC BRU 04128 201327Z

BETWEEN THE COMMUNITY AND SPAIN TOOK PLACE IN

BRUSSELS ON JULY 16-17. THE OFFICIAL PRESS COMMUNIQUE ISSUED FOLLOWING THE NEGOTIATIONS STATED THAT THE TWO PARTIES AGREED ON THE FINAL OBJECTIVE OF A FREE TRADE AGREEMENT COVERING THEIR PRINCIPAL TRADE BUT THAT CONSIDERABLE DIFFERENCES REMAINED WITH RESPECT TO THE TREATMENT OF AGRICULTURAL PRODUCTS AND THE TIMING OF IMPLEMENTATION OF THE AGREEMENT. ACCORDING TO THE SPANISH MISSION IN BRUSSELS, SPAIN CONSIDERS THE COMMUNITY'S OFFER TOO MEAGER IN THE AGRICULTURAL SECTOR AND TOO DEMANDING IN THE INDUSTRIAL SECTOR. THE NEXT ROUND OF NEGOTIATIONS IS SCHEDULED FOR LATE SEPTEMBER WITH A THIRD ROUND IN OCTOBER. SPANISH MISSION CONTACTS BELIEVE IT WILL BE DIFFICULT FOR THE COMMUNITY TO NEGOTIATE ON THE BASIS OF THE PRESENT MANDATE BUT THAT THE ISSUE OF WHETHER OR NOT A NEW MANDATE WILL BE NECESSARY WILL NOT BE DECIDED UNTIL NEGOTIATIONS BEGIN AGAIN IN THE FALL. END SUMMARY.

2. ACCORDING TO SPANISH MISSION SOURCES HERE, THE COMMUNITY'S PROPOSALS WOULD RESULT IN FREEING 76 PERCENT OF THE COMMUNITY'S SALES IN SPAIN BY 1977 WHEREAS THE COMMUNITY WOULD FREE ONLY 39 PERCENT OF SALES BY SPAIN TO THE COMMUNITY. TO ESTABLISH A BETTER EQUILIBRIUM SPAIN CONSIDERS IT ESSENTIAL THAT THE COMMUNITY STEP UP THE PACE OF LIBERALIZATION IN THE AGRICULTURAL SECTOR WHILE PERMITTING SPAIN TO SLOW DOWN TARIFF REDUCTIONS IN THE INDUSTRIAL SECTOR.

3. THE SPANISH MISSION CONFIRMED THAT SPAIN MADE THE FOLLOWING COUNTER-PROPOSALS IN THE NEGOTIATIONS; A. SPAIN WOULD ACCEPT IN PRINCIPLE THE TIMING PROPOSED BY THE COMMUNITY (TARIFF REDUCTIONS BY THE COMMUNITY ON INDUSTRIAL PRODUCTS IN FOUR STEPS LEADING TO ZERO TARIFFS IN 1977) ON THE CONDITION THAT THE LIST OF SENSITIVE PRODUCTS (WHICH WOULD NOT BE COMPLETELY LIBERALIZED UNTIL 1980) BE CONSIDERABLY REDUCED.

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PAGE 03 EC BRU 04128 201327Z

B. THERE WOULD BE TWELVE LINEAR TARIFF REDUCTIONS BY SPAIN ON INDUSTRIAL PRODUCTS STRETCHED OUT FROM JANUARY 1, 1974 UNTIL JANUARY 1, 1985. (THE SPANISH SAY THAT THIS IS THE TIME PERIOD THE COMMUNITY APPLIED TO ITS OWN MEMBER STATES IN CREATING THE COMMON MARKET AND THAT IT WOULD NOT BE REALISTIC TO ASK SPANISH INDUSTRY TO ACCEPT A SHORTER TIME PERIOD. THE COMMUNITY WANTED TO ABOLISH ALL

RESTRICTIONS ON TRADE IN INDUSTRIAL PRODUCTS BY 1977.)
SPAIN WOULD ALSO ASK FOR CERTAIN RIGHTS WITH RESPECT
TO INFANT INDUSTRIES.

C. TO ACHIEVE EQUILIBRIUM BETWEEN SPAIN'S
CONCESSIONS ON INDUSTRIAL PRODUCTS AND EC CONCESSIONS
IN AGRICULTURE, FREE TRADE SHOULD BE ACHIEVED BY
JANUARY 1, 1985. GIVEN THE DIFFICULTIES IN ESTABLISHING
A DETAILED TIMETABLE, HOWEVER, CONCESSIONS COULD BE
AGREED UPON NOW UP TO 1977. PRIOR TO THAT TIME NEW
NEGOTIATIONS COULD TAKE PLACE WITH A VIEW TO IMPROVING
INITIAL CONCESSIONS. SUBSEQUENTLY, BUT PRIOR TO 1980,
A TIMETABLE WOULD BE ESTABLISHED FOR TOTAL ABOLITION OF
TARIFF BARRIERS BY 1985.

4. THE SPANISH DELEGATION ALSO MADE CLEAR DURING THE
NEGOTIATIONS THAT FURTHER TARIFF REDUCTIONS ON
INDUSTRIAL PRODUCTS BY SPAIN AFTER 1977 WOULD BE
SUBJECT TO A SATISFACTORY OUTCOME ON AGRICULTURE IN
THE SECOND PHASE OF THE NEGOTIATIONS. THE SPANISH
BELIEVE THE AGRICULTURAL CONCESSIONS OFFERED SO FAR
BY THE COMMUNITY ARE INSUFFICIENT TO COMPENSATE
SPAIN FOR INCREASED TRADE BARRIERS IN THE UK MARKET.

5. ACCORDING TO OUR SOURCES THE SPANISH DELEGATION
ALSO ASKED THAT THE AGREEMENT CONTAIN CLAUSES ON:
A. GUARANTEES FOR "MOST FAVORED TREATMENT" FOR
SPANISH WORKERS IN THE COMMUNITY SO THAT THEY WOULD
RECEIVE WAGES AT LEAST AS HIGH AS THOSE PAID TO WORKERS
OF ANY OTHER COUNTRY HAVING A COMPARABLE AGREEMENT
WITH THE COMMUNITY.

B. CERTAIN AGREEMENTS ON INDUSTRIAL AND TECHNICAL
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PAGE 04 EC BRU 04128 201327Z

COOPERATION TO BE DETERMINED LATER.

C. AN EVOLUTIONARY CLAUSE PERMITTING CHANGES
IN THE AGREEMENT WITH THE CONSENT OF BOTH PARTIES.

6. OFFICIALS IN THE SPANISH MISSION HERE CONFIRMED
THAT THE TWO DELEGATIONS WERE STILL FAR APART AT THIS
TIME AND THAT IT WOULD APPEAR DIFFICULT FOR THE
COMMUNITY TO COME CLOSE TO SATISFYING THE SPANISH
DEMANDS ON THE BASIS OF THE PRESENT MANDATE. THEY
SAID THE QUESTION OF WHETHER OR NOT A NEW MANDATE
WOULD PROVE NECESSARY WOULD BE CLEARER WHEN NEGOTIA-
TIONS WERE RESUMED IN LATE SEPTEMBER, 1973.

NOTE: THIS MESSAGE IS BASED MOSTLY ON UNCLASSIFIED

SOURCES BUT IS TRANSMITTED LIMITED OFFICIAL USE BECAUSE
IT REFERS TO JUDGMENTS AND COMMENTS BY SPANISH
MISSION OFFICIALS.GREENWALD

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